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## Croatia

**Post:** Zagreb

### Policies Related to Agricultural Land

**Report Categories:**

Agricultural Situation

**Approved By:**

**Prepared By:**

Andreja Misir

#### Report Highlights:

In order to consolidate small parcels, utilize idle agricultural land, and distribute EU-type subsidies, Croatia has initiated a land reform program, consisting of two processes. One process addresses EU integration and deals with the Land Parcel Identification System (LPIS), the Integrated Administration and Control System (IACS), and the Paying Agency. The other process is connected to the Agricultural Land Act that directs sales of agricultural land and land consolidation.



**General Information:**

In order to consolidate small parcels, utilize idle agricultural land, and distribute EU-type subsidies, Croatia has initiated a land reform program, consisting of two processes. One process addresses EU integration and deals with the Land Parcel Identification System (LPIS), the Integrated Administration and Control System (IACS), and the Paying Agency. The other process is connected to the Agricultural Land Act that directs sales of agricultural land and land consolidation.

The first process is to establish the LPIS, which is a national data base that registers actual agricultural land usage. The establishment of the LPIS system is one of the preconditions of EU accession because the LPIS is a key segment of the IACS through which EU members distribute, track, and control subsidy payments to farmers. Closely related to this process is the establishment of a functioning Paying Agency to prepare for a smooth transition to implement the Common Agricultural Policy (CAP) and to improve the capacity to effectively utilize EU rural development funds.

Compared to other EU Member States (MS), Croatia ranks in the middle in terms of agricultural support per farm, with average support of €3,850 per farm or about half of the approximately €6,000 per farm support paid by older MS's but more than twice the average support paid by newer MS's. This discrepancy in support will be a significant challenge to Croatian farmers when Croatia enters the EU.

CY 2011 will be the reference year to determine future EU compliant subsidy payments for agriculture and rural development, which also will start to be implemented in 2011.

The other process is connected to the Agricultural Land Act introduced in December 2008. This Act deals with the protection and usage of agricultural land, changes in agricultural land zoning, management of agricultural land owned by the State, the establishment of the Agricultural Land Agency, and the trading of private agricultural land (see HR 9001 and HR10002). It should be stressed that this Act is not part of the required legal package for EU accession because land policy is considered an internal issue of every MS.

The law has not been without controversy; most of which focuses on the controversial procedure for the sale of private, agricultural land. That procedure excludes the owner of the land from the final decision on whom to sell the land to, leaving it to the Agricultural Land Agency and the local municipality to determine the ultimate purchaser. However, this procedure was instituted so that the Agency could ensure that the land would be sold to agricultural producers. Nevertheless, many believe this procedure is counter to the constitutional right of private property and want this part of the Land Act changed.

In addition many feared the potential for corruption that could result from land sales through institutions in which they currently have little confidence. As a result of an ongoing case challenging the sale procedure, the Constitutional Court has suspended the sections of the Land Act that deal with the sales of private until the Court makes a final ruling. In addition the Ministry of Agriculture, Fisheries and Rural Development is preparing changes to the controversial sections of the Land Act. Currently, private agricultural land is sold on a basis of general regulations dealing with property sales while State-owned land is sold through the Agricultural Land Agency (on a basis similar to the controversial procedure envisioned for sales of private land).



Regardless of these complications, the purpose of this law is to consolidate small agricultural plots and to put all the agricultural land into use. Currently much of the agricultural production takes place on small, divided plots. According to the latest data, the average commercial farm is 8.5 hectares and the average size of all farms is 2.9 hectares. Croatia currently utilizes about 1.3 million hectares of agricultural land. State-owned land covers about 600,000 hectares, about half of which is in agricultural use. When compared to EU, Croatia uses less agricultural land per farm although there is a higher per capita availability of agricultural land. This is partially because meadows and pastures are underutilized. Moreover, land ownership is not clear for many farms because land books (cadastre and land registry) are not up to date. The Land Act is intended to provide an incentive to resolve ownership disputes and consolidate and invest in land, which will boost agricultural productivity.